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POSTAL SERVICE®

# **June 2011 Financial Update**

**Industry Association Executives  
August 10, 2011**

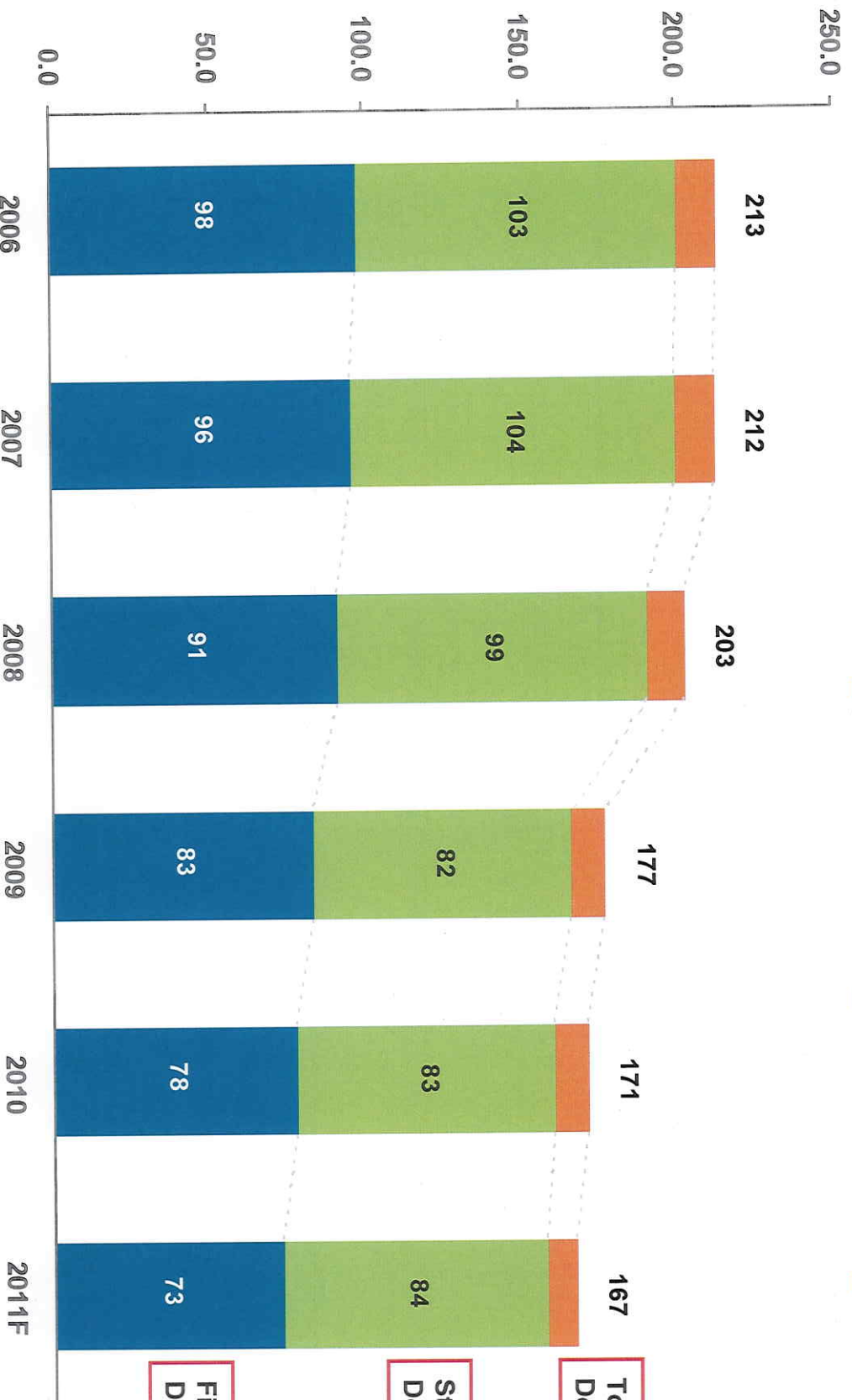


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# USPS Volume

## Billion Pieces

■ First-Class Mail ■ Standard Mail ■ Other





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## June YTD Revenue

June YTD (Billions)	FY 2011	FY 2010	Change
First-Class Mail *	\$24.4	\$26.3	-6.9%
Standard Mail	13.4	13.0	3.4%
Periodicals Mail	1.4	1.4	-3.6%
Packages Services	1.2	1.2	4.2%
Other Mailing Services *	2.6	2.8	-9.1%
Total Mailing Services	\$43.0	\$44.7	-3.6%
Total Shipping Services *	\$ 6.9	\$ 6.4	6.3%
Total Revenue	\$49.9	\$51.1	-2.4%

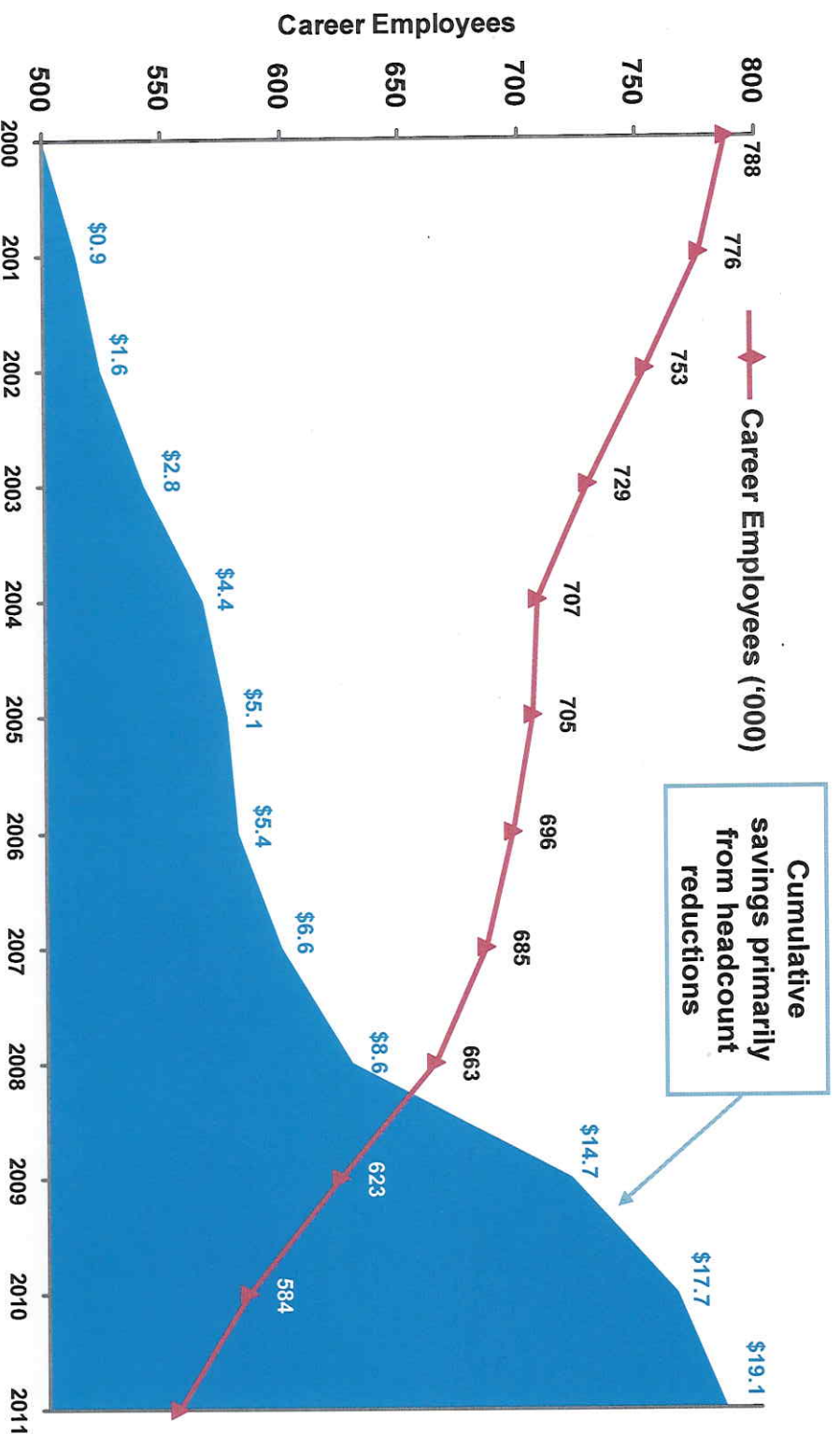
\* Minor reclassification pending PRC approval



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## USPS Actions

# Response to Declining Volume & Revenue

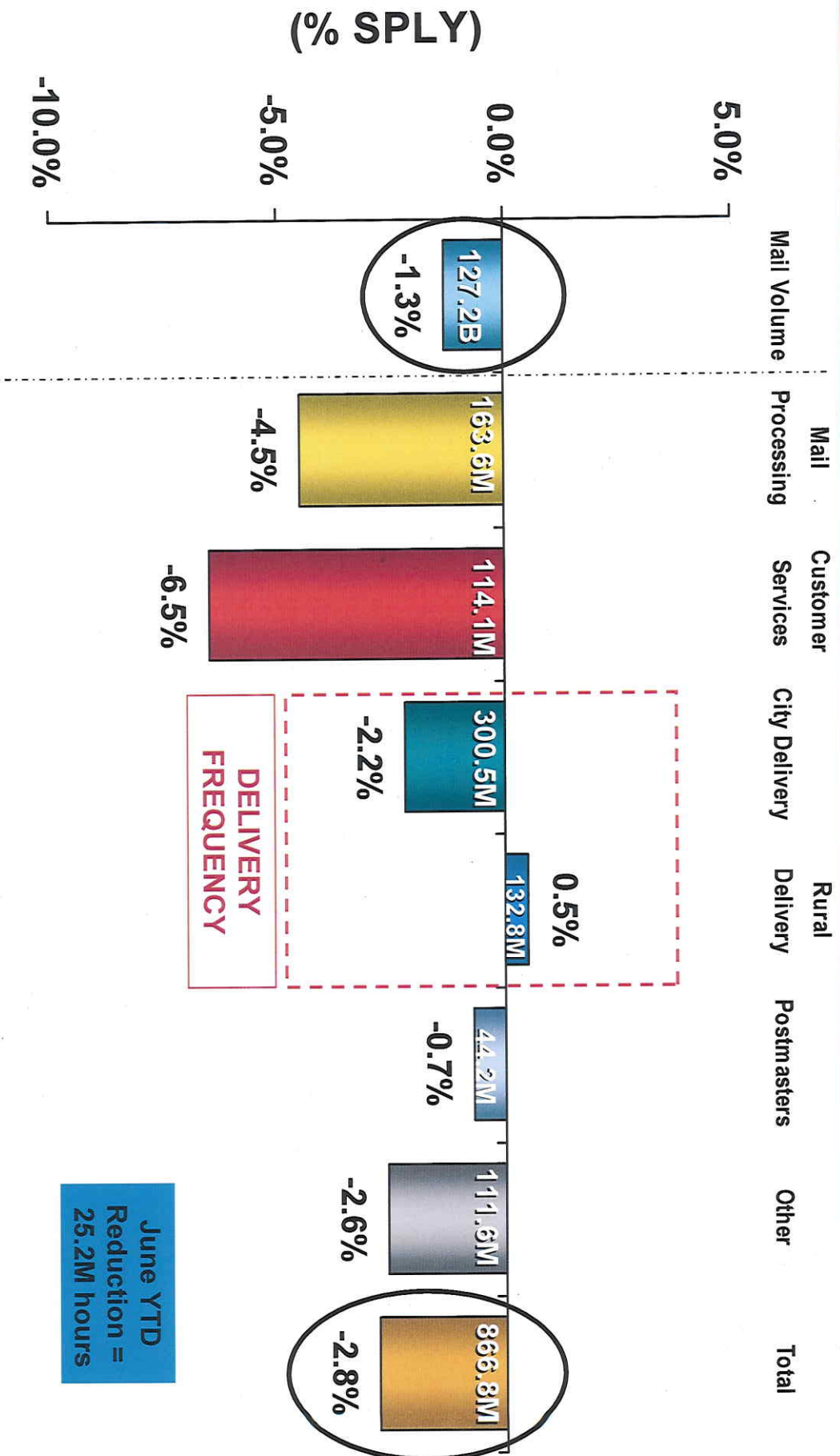






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## Workhour and Volume Changes June YTD - FY 2011



# Work-Hour & Cost Reductions Continue

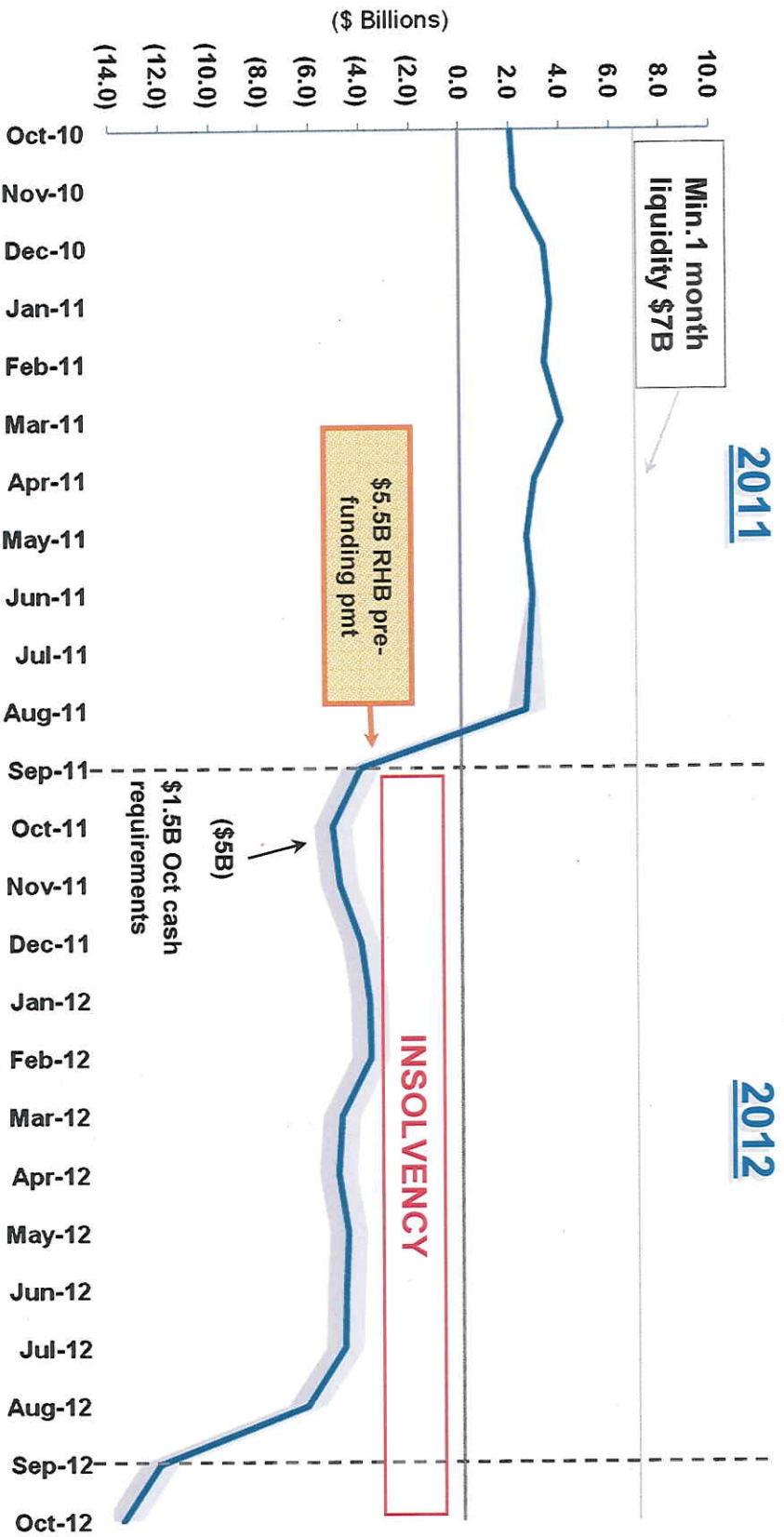
# June YTD Financial Results

<b>June YTD</b> (Billions)	<b>FY</b>	
	<b>2011</b>	<b>2010</b>
Revenue	\$49.9	\$51.1
Expenses	<u>50.9</u>	<u>50.6</u>
<b>Operating Income (Loss)*</b>	<b>(1.0)</b>	<b>0.5</b>
Retiree Hlth. Benefits Pre-Funding	(4.1)	(4.1)
Workers Comp Discount Rate Adj	0.7	(1.5)
Workers Comp Claims, Adj & Contingency	<u>(1.3)</u>	<u>(0.3)</u>
		<small>Non-Cash Items</small>
<b>Net Income (Loss)</b>	<b><u>(\$5.7)</u></b>	<b><u>(\$5.4)</u></b>
<b>Volume (Pieces)</b>	<b>127.2</b>	<b>128.8</b>

\* Before RHB Pre-Funding, Non-Cash Adjustments to Workers' Compensation & Contingency

# Projected Cash / Liquidity

## Default projected by Sept 2011 based on available cash / liquidity and expected losses





## **We continue to take action across our business to address our dire financial situation**

- ✓ Workforce Flexibility
- ✓ Administrative Realignment
- ✓ Facility and Equipment Optimization
- ✓ Delivery Route Consolidation
- ✓ Retail Network Optimization and Expanded Access

**But.....these actions alone are not enough. The Postal Service  
cannot regain financial stability without Congressional action**



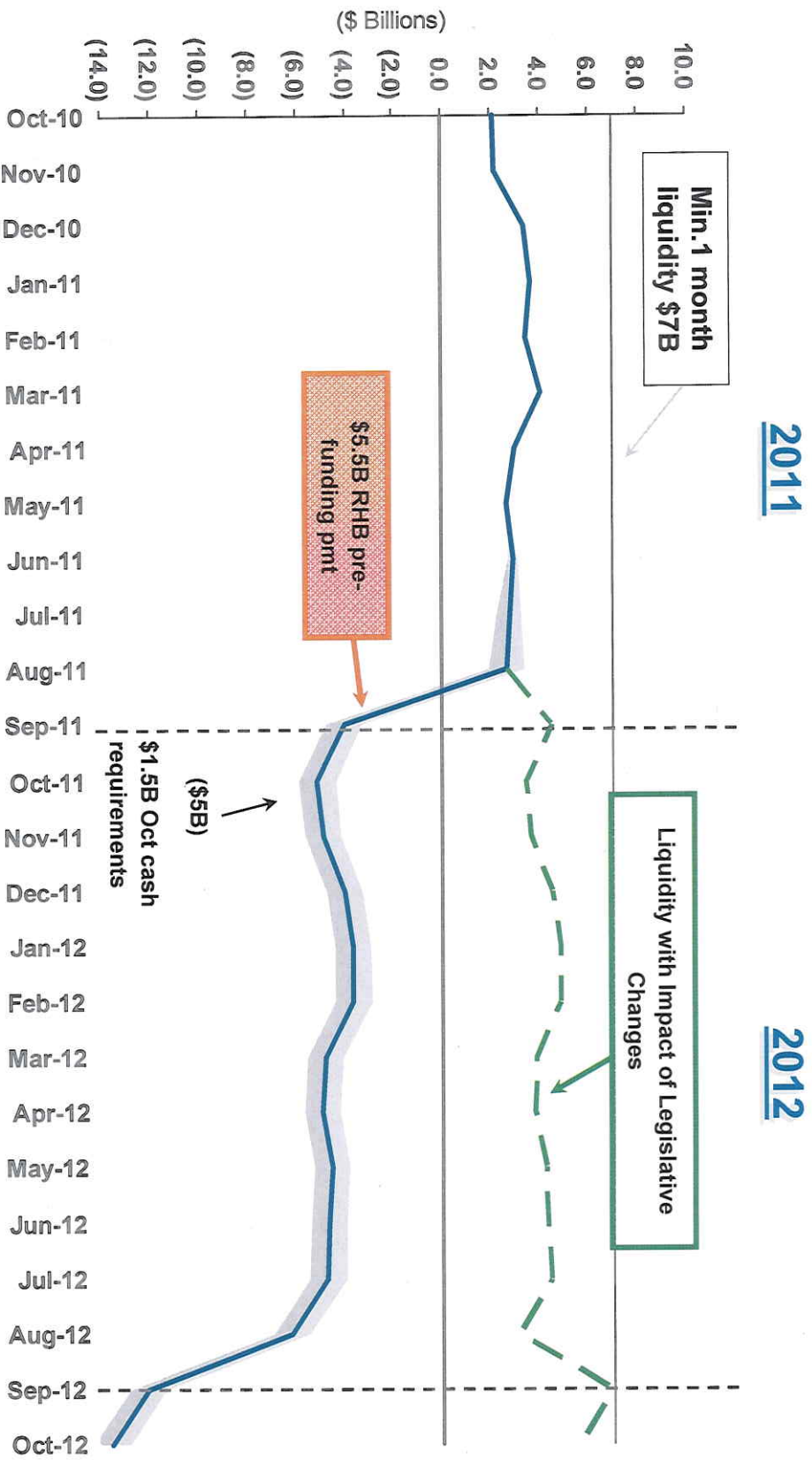
### Key Elements of Congressional Actions

- A** Eliminate the current mandate to pre-fund Retiree Health Benefits (RHB) by \$5.5 billion annually.
- B** Allow the Postal Service to access overpayments to both the Federal Employees' Retirement Fund (FERS) and the Civil Service Retirement System (CSRS).
- C** Give the Postal Service the authority to determine delivery frequency.



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# Impacts of Legislative Changes



# Questions